

RON WYDEN'S DEATH TAX FLIP-FLOP

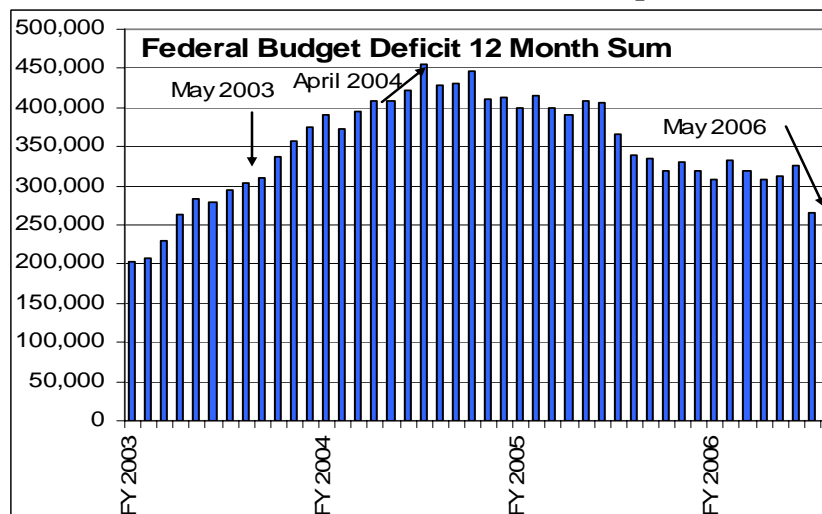
Tomorrow, the Senate will vote to repeal the estate tax and Sen. Ron Wyden has officially flip-flopped. In this morning's Congress Daily AM he is quoted as saying:

"I'm voting against the motion to proceed, because of the changed financial picture," said Sen. Ron Wyden, D-Ore. **"With the war, and Katrina ... These are different financial circumstances" than when Congress voted on the issue in the past, he said.**

Wyden voted for full repeal in 2002 probably for electoral purposes and now that he is not up for reelection he feels he does not need to support repeal. So he is hiding behind budget deficit numbers to justify his flip flop.

In fact, the changed financial position is that the federal budget deficit is **decreasing**. Either Wyden does not understand the true fiscal position of the U.S. government or he is saying this hoping his constituents do not understand the true fiscal position of the U.S. government.

Deficit Has Declined 42 Percent Since April 2004



As the chart above demonstrates, Wyden's argument is that he is just flat out wrong. Consider the release of the Congressional Budget Office (CBO) Monthly Budget Review released late yesterday. With the May numbers entered into the rolling 12-month total, the current 12-month budget deficit stands at \$269 billion, a decline of 20.5 percent from last May. And this time last year, the budget deficit stood at \$339 billion, which was a 21 percent decline from May 2004. So over the past 24 months, the deficit has declined by \$160 billion or 37 percent.

Even worse, by indicating he is voting against the motion to proceed means that he does not even want the Senate to take up the legislation at all. As such, Wyden's position is now that we should have a 55 percent Death Tax rate with a small exemption. This is the pre-2001 rates which means he has gone from full repeal to 55 percent all based on faulty data or because Harry Reid and Nancy Pelosi are forcing him to vote against repeal.